



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M/s. MAHAVEER TELECOM PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **M/s. MAHAVEER TELECOM PRIVATE LIMITED, Hyderabad** which comprise the Balance Sheet as at 31st March 2014, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of financial statements that give a true and fair view and are free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our auditing accordance with the standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION:

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014; and
- b) in the case of the Statement of Profit and Loss Account, of the Profit for the year ended on that date;

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, a statement on the matters specified in paragraphs 4 and 5 of the said Order are applicable to the company as it is covered in exempted category specified in Sub-Section 2 (iv) of the said order.

Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.



- v. On the basis of written representations received from the directors, as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For and on behalf of
Kalyana & Co.,
Chartered Accountants
Firm Reg.No: 007095S

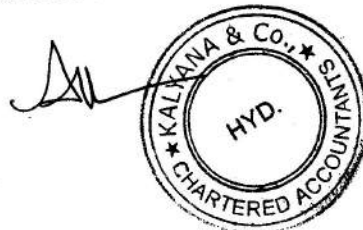
A. Srilakshmi
CA A. SRILAKSHMI
Membership No. 107945
Place: Hyderabad
Date : 30.05.2014



ANNEXURE TO THE AUDITOR'S REPORT
(Referred to in our Report of even date)

As required by the companies (Auditor Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

1. a. The Company is in the process of updating records to show full particulars, including quantitative details and situation of fixed assets.
b. As explained to us, all the assets have been physically verified by the management during the year & there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c. Fixed assets disposed off, if any, during the year were not substantial, and therefore, do not affect the going concern assumption.
2. a. The physical verification of inventory, as per the management's certificate, has been conducted at reasonable intervals by the management.
b. The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c. The Company is maintaining proper records of inventory and any discrepancies noticed on physical verification are being properly dealt in the books of accounts.
3. According to the information and the explanations given to us the regarding whether company has granted or taken any loans, secured or unsecured to or from Companies, firms or other parties covered in the register maintained under section 301 of the Act.
 - a) The company has taken unsecured loans from one party covered in the register maintained under section 301 of Companies Act, 1956. The year end balance of such loans are Rs. 98,78,142/-.
 - b) The above loan taken from the related party is interest free loans and the tenure, repayment terms have not been specified for such loans.

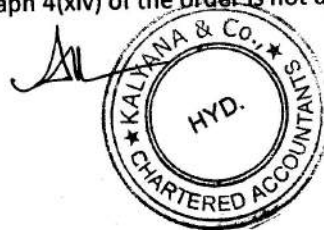


- c) According to the information and explanation given to us, the tenure and repayment terms not been specified for the above mentioned loans. Consequently we are unable to comment on paragraph 4(iii) (c),(d) & (g) of the order.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to inventory and for sale of services, purchase of fixed assets.
5. a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in 5(a) above and exceeding the value of Rs.5 lakhs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted deposits from the public and the provisions of Section 58A and 58AA of the Act, rules framed there under and other relevant directives issued by the Reserve Bank of India are not applicable to the Company.
7. The Company has to strengthen its Internal Audit System in order to commensurate with the size of the company and nature of its business.
8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
9. According to information and explanations given to us and according to the books and records as produced and examined by us, in our opinion:
- a. The company is regular in depositing undisputed statutory dues including provident fund, investor education and protection Fund, or employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess as applicable have been regularly deposited with appropriate authorities.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.



- b. According to the information and explanation given to us, no disputed amounts payable in respect of provident fund, income tax, wealth tax, sales tax, customs duty, excise duty and cess, and other material statutory dues were in arrears as on 31.03.2014 for a period of more than six months from the date they became payable.
- c. According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
10. The Company has not incurred cash loss during the current financial Year and the previous financial year and there are no accumulated losses as on the balance sheet date.
11. According to the information and explanation given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of share, debentures and other securities.
13. According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from bank or financial institutions.
14. The term loans were applied for the purpose for which the loans were obtained.
15. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
16. The Company has not made Preferential Allotment of shares to parties and companies covered in the register maintained U/s.301 of the Act during the year.
17. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and therefore Paragraph 4 (xii) of the order relating to maintenance of documents and records is not applicable.
18. The provisions of special statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the Company and therefore Paragraph 4(xiii) of the order is not applicable.
19. The Company is not dealing or trading in shares, securities, debentures or other investments and therefore Paragraph 4(xiv) of the order is not applicable.



20. During the year covered by our Audit Report, the Company has not raised any money by public issue and therefore Paragraph 4(xx) of the order is not applicable.
21. During the course of our examination of books and records of the company, carried out in accordance with the auditing standards generally accepted in India, we have neither come across any instance of fraud on or by the company was noticed or reported during the year, nor have we been informed of any such case by the management of the company.

A. Srilakshmi

CA. A. SRILAKSHMI

Partner

M.No : 107945

KALYANA & Co.,

Chartered Accountants

FRN: 007095S



Place : Hyderabad,

Date: 30.05.2014

MAHAVEER TELECOM PRIVATE LIMITED
Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	2	500,000	500,000
(b) Reserves and surplus	3	1,356,251	668,343
(C) Share applicaton money		-	-
2 Non-current liabilities			
(a) Long-term borrowings	4	9,878,142	6,683,317
(b) Deferred tax liability	5	368	368
3 Current liabilities			
(b) Trade payables	6	59,369,428	31,135,667
(d) Short-term provisions	7	403,131	313,115
(C) Other Current liabilities	8	6,358	788,837
TOTAL		71,513,678	40,089,648
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	9	2,145	3,575
(b) Other non-current assets	10	18,430	18,430
2 Current assets			
(a) Inventories	11	18,837,367	9,496,527
(b) Trade receivables	12	51,118,387	24,048,394
(c) Cash and cash equivalents	13	164,905	557,790
(d) Short term loans and advances	14	146,220	5,385,461
(e) Other current assets	15	1,226,224	579,471
TOTAL		71,513,678	40,089,648

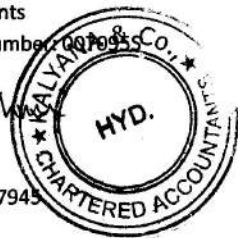
Significant Accounting Policies

1

The Notes referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

For and on behalf of
KALYANA & CO
Chartered Accountants
Firm Registration Number: 0079955

A. Srilakshmi
CA A. Srilakshmi
Partner
Membership No. 107945
Place: Hyderabad
Date: 30.05.2014



For and on behalf of the Board of Directors

A. Srilakshmi
Director



[Signature]
Director

MAHAVEER TELECOM PRIVATE LIMITED

Statement of Profit and Loss for the year ended March 31, 2014

(Amount in ₹)

Particulars	Note No.	For the Year ended 31st March, 2014	For the Year ended 31st March, 2013
I. Revenue From Operations Sale less Returns		373,653,429	286,918,970
II. Other Income	16	10,811,366	2,656,266
III. Total Revenue (I + II)		384,464,795	289,575,236
IV. Expenses:			
Purchases less Returns		389,644,708	290,634,534
(Increase)/Decrease in Stock		(9,340,840)	(6,871,082)
Operating Expenses	17	386,329	1,113,833
Administrative and Other Expenses	18	1,812,833	2,161,960
Selling & Distribution Expenses	19	-	804,000
Finance Expenses	20	964,805	763,639
Depreciation		1,430	2,385
V Total Expenses		383,469,265	288,609,269
V Profit before tax (III- IV)		995,531	965,967
VI Tax expense:			
(1) Current tax		307,619	298,115
(2) Minimum Alternate Tax			368
(2) Deferred tax		(0)	
		307,619	298,484
VII Profit (loss) for the period (V- VI)		687,912	667,483
VIII Earnings per equity share:			
(1) Basic	21	13.76	13.35
(2) Diluted			

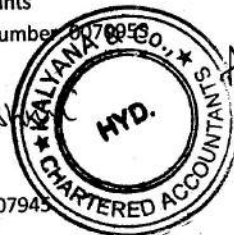
Significant Accounting Policies

1

The Notes referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss referred to in our Report of even date.

For and on behalf of
KALYANA & CO
Chartered Accountants
Firm Registration Number 170956

A. Srilakshmi
CA A. Srilakshmi
Partner
Membership No. 107945
Place: Hyderabad
Date: 30.05.2014



For and on behalf of the Board of Directors



[Signature]
Director

[Signature]
Director

Note 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of Financial Statements:

The Financial statements will be prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956. These accounting policies will be consistently applied. The Board will evaluate the effect of accounting standards issued on an on-going basis and ensure they are adopted as mandated by the ICAI.

2. Use of Estimates:

In the preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires Board to make estimates and assumptions that will affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates will be recognized prospectively in current and future periods.

3. Fixed Assets and depreciation:

Fixed Assets are carried at historical cost less accumulated depreciation. Depreciation is provided on written down value method, on pro-rata basis as per the rates prescribed in Schedule XIV to the Companies Act, 1956. All costs including financing costs, if any, attributable to fixed assets till assets are ready for intended use and expenditure which results in enhancing future earning capacity will be capitalized.

4. Revenue Recognition:

- a) Income is recognized on accrual basis unless otherwise stated in these accounts.
- b) Revenue from services/sales, if any, is recognized after completion of each stage of service/sales.
- c) Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection.

Z. Share Capital

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Authorised Capital		
50,000 Equity Shares of Rs. 10 each	500,000	500,000
Issued, Subscribed & fully Paid up		
50,000 Equity Shares of Rs. 10 each	500,000	500,000
Total	500,000	500,000

a) Details of shares held by shareholders holding more than 5% of the aggregate shares in the company

Name of Shareholder	Equity Shares		Equity Shares	
	As at 31 March 2014		As at 31 March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mahaveer Infoway Limited	30,000	60.00	27,500	55.00
Mr. Hanuman Das	-	-	2,500	5.00
Mr. Jeetendra Bahansali	10,000	20.00	10,000	20.00
Mr. Prasanna Dixit	10,000	20.00	10,000	20.00

3. Reserves and Surplus

Particulars	As at 31 March 2014	As at 31 March 2013
a. Surplus		
Opening balance	668,339	856
(+) Net Profit/(Net Loss) For the current year	687,912	667,483
Closing Balance	1,356,251	668,339
Total	1,356,251	668,339

4. Long term borrowings

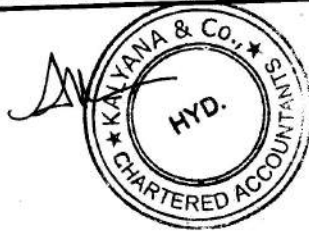
Particulars	As at 31 March 2014	As at 31 March 2013
Unsecured Loan - MJL	9,878,142	6,683,317
Total	9,878,142	6,683,317



MAHAVEER TELECOM PRIVATE LIMITED
Deferred tax Liability

Note 5

Particulars	31-Mar-14		
	Book Value	Tax Value	Difference
Fixed Assets	2,145	954	1,191
Total of Fixed Assets (Deferred Liability)	2,145	954	(1,191)
Total Deferred Assets	-	-	-
Total timing difference	2,145	954	1,191
Deferred Tax (Liability) Asset as at 31.03.2014			368
Deferred Tax (Liability) Asset as at 31.03.2013			368
Balance to be credited to P & L A/C			(0)



6. Trade Payables

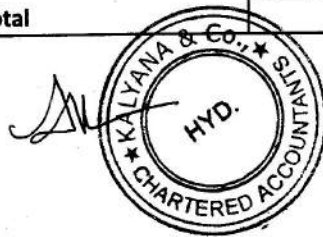
Particulars	As at 31 March 2014	As at 31 March 2013
Dues to Micro and Small Enterprises	-	-
Dues to other than Micro and Small Enterprises (a) Trade Payables (including LC Payments)	59,369,428	31,135,667
Total	59,369,428	31,135,667

7. Short term provisions

Particulars	As at 31 March 2014	As at 31 March 2013
Provision for taxation	307,619	298,115
Other provisions	95,512	15,000
Total	403,131	313,115

8. Other Current liabilities

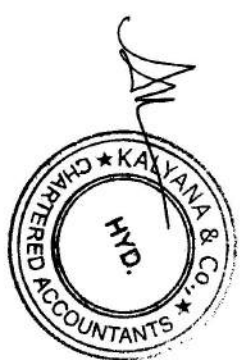
Particulars	As at 31 March 2014	As at 31 March 2013
Vat 5.5% Account	6,358	788,837.46
TDS Payable	-	-
Total	6,358	788,837



MAHAVEER INFOWAY LIMITED
 Depreciation Schedule as per Companies Act, 1956

Note 9

S.No.	Particulars	Gross Block				Depreciation				Net Block	
		As on 1.04.2013	Additions	Deletions	As on 31.03.14	As on 1.04.2013	For Current year	Dep Adjustment	As on 31.03.14	As on 31.03.14	As on 31.03.13
3	Computers	3,575	-	-	3,575	-	1,430	-	1,430	2,145	3,575
		3,575	-	-	3,575	-	1,430	-	1,430	2,145	3,575



MAHAVEER TELECOM PRIVATE LIMITED

Depreciation Schedule as per Income Tax act, 1961

Note 9

S.No.	Particulars	Gross Block			Depreciation			Net Block As on 31.03.14	
		As on 1.04.2013	Additions	Deletions	As on 31.03.13	For Current year	Dep Adjustment		As on 31.03.13
1	Computers	2,384	-	-	2,384	1,430	-	1,430	954
		2,384	-	-	2,384	1,430	-	1,430	954

10. Other Non-Current Assets

(Amount in ₹)

Particulars	As at 31 March 2014	As at 31 March 2013
Pre-operative Expenses	18,430	18,430
Total	18,430	18,430

11. Inventories

Particulars	As at 31 March 2014	As at 31 March 2013
(As certified by the management, at cost or net realisable value which ever is less) Closing Stock	18,837,367	9,496,527
Total	18,837,367	9,496,527

12. Trade Receivables

Particulars	As at 31 March 2014	As at 31 March 2013
Outstanding for a period less than six months from the date they are due for payment Unsecured, considered good	51,118,387	24,048,394
Total	51,118,387	24,048,394

13. Cash and bank balances

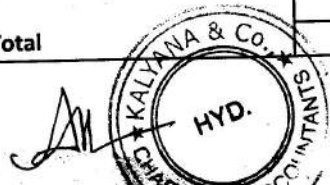
Particulars	As at 31 March 2014	As at 31 March 2013
Cash and cash equivalents		
Cash on hand	89,514	185,851
Bank balances		
- In current accounts	75,391	371,940
Total	164,905	557,790

14. Short term loans and advances

Particulars	As at 31 March 2014	As at 31 March 2013
Unsecured Considered good		
Advances recoverable in cash or kind or for value to be received	146,220	5,385,461
Total	146,220	5,385,461

15. Other current assets

Particulars	As at 31 March 2014	As at 31 March 2013
Deposits	15,000	15,000
Other Current Assets	1,211,224	564,471
Total	1,226,224	579,471



16. Other Income

(Amount in ₹)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Discount Received Account	8,000	-
Miscellaneous Income	318,653	820,707
Special discount / Scheme	7,493,191	-
Target achievement incentive scheme	2,955,032	1,803,219
Trade incentive scheme	-	32,340
Sundry written off	36,490	-
Total	10,811,366	2,656,266

17. Operating Expenditure

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Discount allowed	8,150	678,730
Business Promotions	-	467
Insurance	67,345	64,494
Travelling	225,620	363,142
Staff Welfare Expenses	27,405	7,000
Rent on computers	15,850	-
Conveyance and food	41,959	-
Total	386,329	1,113,833

18. Administrative and Other Expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Salaries & Wages	976,715	1,063,095
Bank Charges	11,855	145,855
Audit Fees	28,090	29,430
Postage & Courier Expenses	413,071	458,771
General Expenses	-	17,810
Misc. expenses	87,590	13,410
Professional Tax	2,500	2,500
Printing & Stationary	8,430	6,631
Office Rent	89,700	89,700
Legal Expense	44,000	-
Other Expenses	150,881	334,758
Total	1,812,833	2,161,960

19. Selling & Distribution Expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Commission on Sales Promotion	-	804,000
Total	-	804,000

20. Finance Expenses

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Interest Expenses	964,805	763,639
Total	964,805	763,639



Taxation:

a) Provision for current taxation has been made in accordance with the income tax laws prevailing for the relevant assessment years.

6. Provisions, Contingent Liabilities and Contingent Assets:

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

b) Contingent liabilities are not recognised but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to Accounts

21 Earnings per Share (EPS)

Particulars	2014	2013
Net Profit/ (Loss) after taxes for the year (Rs.)	6,87,765	6,67,483
Weighted average number of Equity Shares of Rs.10 each outstanding during the period (Used for calculation of Basic and Diluted Earnings Per Share)	50,000	50,000
Earnings per Share Basic and Diluted (Rs.)	13.76	13.35
Nominal value per share (Rs.)	10	10

22. Related Party transactions

The company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made. No amounts have been written off or written back during the year in respect of debts due from or related parties. There are no other related parties where control exists that need to be disclosed.

a) Names of related parties and description of relationship

Nature of Relationship	Name of the Related Party
Holding Company	Mahaveer Infoway Limited
Key Management Personnel (KMP)	Mr. Ashok Kumar Jain Director
	Mr. Bhansali Jeetendra Kumar Director
	Mr. Dixit Prasanna Ramesh Director
Enterprises where KMP have significant influence	Mahaveer Skyscrapers Ltd

b) Summary of Transactions with the above related parties are as follows:

Particulars	(Amount in Rs.)	
	2014	2013
Sale of goods to Holding Company (MIL)	19,82,59,798	14,49,33,834

Transactions and outstanding balances in the nature of reimbursement of expenditure incurred by one Company on behalf of the other have not been considered above.

23. Comparatives:

The financial statement for the year ended March 31, 2014 are prepared as per Revised Schedule VI. Previous year figures have been regrouped and reclassified wherever necessary to confirm those of the current year.

For and on behalf of
KALYANA & CO
Chartered Accountants
Firm Reg No: 007095S

A. Srilakshmi
CA A. SRILAKSHMI
Partner
Membership No. 107945
Place: Hyderabad
Date: 30.05.2014



For and on behalf of the Board

Ashok Kumar Jain
Director
Mr. Bhansali Jeetendra Kumar
Director

